

This is the retail pharmacist's part. The revision committee may help, but it cannot lead in this work. The N. A. R. D. has recognized this need and is doing good work. Isn't it a bit strange that the A. Ph. A., which has a primary interest in the N. F. and its welfare has done nothing on this line? There's room for both organizations in this work without conflict. Co-operation is better still.

What shall be the future of the National Formulary? Neither the prestige of the A. Ph. A. alone, the efforts of revision committees, however competent and wise, alone, the critical help of the colleges or of professional experts alone, or the propaganda of organizations and pharmacists alone, can decide. But the coöperative interests and efforts of all of these will make it a greater and sounder influence in pharmacy, and a distinguished credit to the ASSOCIATION and to pharmacy.

CORRESPONDENCE

CONTRIBUTIONS TO THE AMERICAN PHARMACEUTICAL ASSOCIATION BY INDIVIDUALS ARE DEDUCTIBLE IN DETERMINING TAXABLE INCOME.

The following letter from the Office of the U. S. Commissioner of Internal Revenue is of more than usual and of general interest. Contributors to the AMERICAN PHARMACEUTICAL ASSOCIATION for the Headquarters (and for its other activities) may deduct the amount donated in arriving at their taxable net income, in the manner and to the extent provided by Section 214 (a) (10) of the Revenue Act of 1926.

November 8, 1926

AMERICAN PHARMACEUTICAL ASSOCIATION,
Long Building, Baltimore, Maryland.

SIRS:

Reference is made to the evidence furnished by you in support of your claim to exemption from Federal taxation.

The evidence submitted discloses that the ASSOCIATION was organized in Philadelphia, Pennsylvania, in 1852; that it was incorporated under the laws of the District of Columbia on February 21, 1888, to unite the educated and reputable pharmacists and druggists of America in the following objects:

1. To improve and regulate the drug market by preventing the importation of inferior, adulterated, or deteriorated drugs and by detecting and exposing home adulterations.
2. To encourage such proper relations among Pharmacists, Druggists, Physicians and the people at large, as many promote the public welfare, and tend to mutual strength and advantage.
3. To improve the science and art of Pharmacy by diffusing scientific knowledge among Pharmacists and Druggists, fostering pharmaceutical literature, developing talent, stimulating discovery and invention, encouraging home production and manufacture in the several departments of the drug business.
4. To regulate the system of apprenticeship and employment, so as to prevent, as far as practicable, the evils flowing from deficient training in the responsible duties of preparing, dispensing and selling medicines.
5. To suppress empiricism, and to restrict the dispensing and sale of medicines to regularly educated Pharmacists and Druggists.
6. To uphold standards of authority in the Education, Theory and Practice of Pharmacy.
7. To create and maintain a standard of professional honesty equal to the amount of our professional knowledge with a view to the highest good and greatest protection to the public.

It is stated that the ASSOCIATION consists of active, life and honorary members; that it has approximately 4800 members, of whom 13 are honorary members and approximately 105 are life members and that the annual dues are \$5.00 per year. The ASSOCIATION desires the improvement of the profession of pharmacy and to secure for the public a proper pharmaceutical

service. From the date of organization to 1911 the ASSOCIATION sent the Proceedings Volume annually to all members and since that date a YEAR BOOK has been furnished, which includes information as to funds, report of the progress of pharmacy and list of members. The ASSOCIATION also issues a monthly journal which contains current information about the activities of the ASSOCIATION and its branches and about pharmacy in general.

In 1886 the ASSOCIATION issued a National Formulary for the purpose of furnishing uniform and reliable formulas and standards for those drugs and medicines in general use but not included in the United States Pharmacopœia. This publication has undergone four revisions. The net profit from the sale of this publication is credited to the Research Fund, of which fund one-half is awarded to encourage investigation and research upon any subject relating in any way to pharmacy or the collateral sciences and when this fund amounts to \$100,000.00 or more, the entire income may be used for this purpose.

The ASSOCIATION is now collecting funds with which to build suitable headquarters and accommodations for itself and other national pharmaceutical organizations, providing a pharmaceutical library, museum and research laboratory for the improvement of pharmacy. The work of the ASSOCIATION is carried on through the House of Delegates which is the general legislative division, a Council which has supervision of the property, funds, finances and publications and five sections which carry on the professional and scientific work. It is stated that the ASSOCIATION uses all income in its work and derives no profit from its operations.

The activities of the organization appear to entitle it to exemption under the provision of Section 231(6) of the Revenue Act of 1926 and the corresponding provisions of prior Revenue Acts as a corporation organized and operated exclusively for scientific and educational purposes. It will not, therefore, be required to file returns of income.

¹ *Inasmuch as it has been found that the organization is a corporation organized and operated exclusively for scientific and educational purposes, it follows that contributions to it by individuals are deductible by such individuals in arriving at their taxable net income in the manner and to the extent provided by Section 214 (a) (10) of the Revenue Act of 1926.*

Any changes in the form of organization or method of operation, as shown by the evidence submitted, must be immediately reported to the Collector of Internal Revenue for your district in order that the effect of such changes upon the present exempt status may be determined.

¹ *The exemption granted in this letter does not apply to taxes levied under other titles or provisions of the Revenue Act of 1926, except in so far as exemption is granted expressly under those provisions to corporations enumerated in Section 231.*

A copy of this letter is being transmitted to the Collector of Internal Revenue for your district.

By direction of the Commissioner.

Respectfully,

(Signed) C. R. NASH

Assistant to the Commissioner.

DECISIONS BEARING ON PRICE MAINTENANCE.

"A retailer has an unquestionable right to stop dealing with a wholesaler for reasons sufficient to himself and might do so because he thought such dealer is acting unfairly in trying to undermine his trade."—This doctrine was adhered to in the Colgate case. The Supreme Court said in Federal Trade Commission vs. Raymond Brothers—Clarke Co.—"A wholesaler has the right to stop dealing with a manufacturer 'for reasons sufficient to himself.' And he may do so because he thinks such manufacturer is undermining his trade by

selling either to a competing wholesaler or to a retailer competing with his own customers. Such other wholesaler or retailer has the reciprocal right to stop dealing with the manufacturer. This each may do, in the exercise of free competition, leaving it to the manufacturer to determine which customer, in the exercise of his own judgment, he desires to retain. An act lawful when done by one may become wrongful when done by many acting in concert, taking on the form of a conspiracy which may be prohibited if the result be hurtful to the public or to the individual against whom the concerted action is directed."

¹ Italics ours.